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DRAFT POSITION PAPER OF PM-EUROPE

Philip Morris markets more than 3,000 products to millions of consumers around the world. Our activities involve us in a host of public policy issues in every country in which we do business.

Among all these social issues, the relationship between smoking and health is the most controversial. We have acknowledged that smoking is a risk factor in the development of lung cancer and certain other human diseases, because a statistical relationship exists between smoking and the occurrence of those diseases. Accordingly, we insist that the decision to smoke, like many other lifestyle decisions, should be made by informed adults. We believe that smokers around the world are well aware of the potential risks associated with tobacco use, and have the knowledge necessary to make an informed decision.

Many experts and studies - including those cited by the US Surgeon General and the WHO - remain divided over the relationship between ETS and human health. Anti-smoking associations push for total smoking bans in public and private places on the assertion that exposure to ETS is the cause of an international health crisis. Several official European authorities have stated, however, that the science to support this claim is inconclusive.

Nevertheless, we realize that tobacco smoke in the air bothers some people. As a result, Philip Morris favors policies which accommodate, and if necessary, segregate smokers and non-smokers in the workplace and in confined public places. We do not believe that the prohibition or unreasonable regulation of cigarette use in such places is justified, and we will, therefore continue to oppose proposals which could foster intolerance or discrimination.

Rather than simply oppose such proposals, however, Philip Morris will promote solutions which respect individual liberty and dignity.

- In the workplace: It is the position of Philip Morris that employers confronted with problems as a result of smoking in the workplace should implement an efficient ventilation maintenance program and clearly define the circumstances under which smoking is or is not permitted. Companies should use a consensus model and urge employees to solve their problems through dialogue and courtesy, thereby preserving a productive and harmonious work environment. Any legislation concerning smoking at work should offer employers and employees maximum flexibility to develop smoking policies tailored to meet their specific needs.

- In restaurants: It is the position of Philip Morris that restaurants should be free to respond to the needs and desires of their patrons. Restaurant associations should educate their members on ways to improve indoor air quality and on how to accommodate patrons who request a non-smoking area. Any legislation concerning smoking in restaurants should guarantee the ability of restaurants to

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compete equally and assure the ability to provide hospitality based on the desires of clients.

- In transportation: It is the position of Philip Morris that properly used ventilation systems, presently available in most modern aircraft and trains, will increase the comfort level of all passengers. Combined with separate sections for smokers and non-smokers, proper ventilation offers an effective and popular solution to the majority of travellers. Any legislation concerning smoking in transportation should guarantee the right for the relevant service organizations to satisfy customer demands.

- In public places: It is the position of Philip Morris that government recommendations and guidelines are favorable to legislation. Any legislation, however, should guarantee the right to establish areas where smoking is permitted.

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